JUN 6 1956
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

October Term, 1955

No. ~~1000~~ 135

S. C. JOHNSON & SON, INC., *Petitioner*

v.

GOLD SEAL COMPANY; SINCLAIR WEEKS, Secretary of Commerce, and ROBERT C. WATSON, Commissioner of Patents, *Respondents*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, S. C. Johnson & Son, Inc., respectfully prays for a writ of certiorari to the United States Court of Appeals for the District of Columbia Circuit, to review a judgment of that Court entered on March 8, 1956, affirming a judgment of the United States District Court for the District of Columbia.

OFFICIAL REPORTS OF THE OPINIONS BELOW

The opinion of the United States Court of Appeals for the District of Columbia Circuit is reported at 230 F. 2d 832, 108 USPQ 400, said opinion having been amended by Order dated March 30, 1956, by striking the word "intervened" from the first line of the second page of the opinion entered March 8, 1956, and inserting in lieu thereof the word "answered". (Copy of amended opinion, Appendix I)

The opinion of the United States District Court for the District of Columbia is reported at 129 F. Supp. 928, 105 USPQ 407. (Copy of opinion, Appendix II)

JURISDICTION

Jurisdiction of this Court to review the judgment of the United States Court of Appeals for the District of Columbia Circuit in this case is conferred by Section 1254 of Title 28 of the United States Code.

QUESTIONS PRESENTED FOR REVIEW

Did Congress, by enacting Section 43(a) of the Lanham Act (Title 15 United States Code, Section 1125(a)), make false description or representation of goods a statutory civil wrong for which injunction lies without a showing that purchasers, had they known the description or representation to be false, would have refrained from purchasing the goods falsely described or misrepresented, and thereby change the common law relating to such false description or representation as pronounced by the Supreme Court in *Ely-Norris Safe Co.* v. *Mosler Safe Co.*, 273 U.S. 132; 47 S. Ct. 314; 71 L. Ed. 578 (1927).

To be entitled to relief in an action brought under Section 43(a) was it essential for petitioner to prove

hat consumers of respondent's (Gold Seal's) "glass vax" would have purchased a genuine wax product ıad they known that respondent's description or rep-esentation as to wax content was false (the criterion aid down by the Supreme Court in Ely-Norris Safe Co. v. Mosler Safe Co., *supra*); or does injunctive relief lie under Section 43(a), as interpreted by the Court of Appeals for the Third Circuit in *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc.*, 214 F. 2d 649 (1954), upon a showing, as required by Section 43(a) that:—

1. The description or representation of the goods as used by the respondent is false or tends falsely to describe or represent the goods, and

2. The petitioner has reasonable basis for believing that he is or is likely to be damaged by respondent's use of the false description or representation.

STATUTE INVOLVED

"Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes

that he is or is likely to be damaged by the use of any such false description or representation." Title 15, United States Code 1125(a)

STATEMENT OF THE CASE

Petitioner, S. C. Johnson & Son, Inc., has been for more than sixty-five years and still is engaged in the manufacture and sale of wax-containing products and has spent millions of dollars in educating housewives as to the advantages of wax.

In 1942, respondent's predecessor, Gold Seal Company, began packaging and selling "Gold Seal Wax", a genuine wax-containing product for floors, linoleum and woodwork. Two years later respondent began selling "Gold Seal Paste Wax", another legitimate, wax-containing product for floors, woodwork, etc. Then, in 1945, it began marketing "Gold Seal Glass Wax" (the product in suit) which contains *no wax.*

Petitioner, Johnson, invoked Section 43(a) of the Lanham Act by counterclaim in a civil action filed against Johnson by respondent, Gold Seal, in the District Court for the District of Columbia, in an unsuccessful effort to obtain registration of the words "glass wax" as a trademark. Before trial, petitioner successfully resisted respondent's motion to dismiss the counterclaim (R. 8, 9). Jurisdiction of the District Court for the District of Columbia over the counterclaim is conferred by 28 USC 1331 since the action arises under the laws of the United States and the value of the matter in controversy exceeds $3,000; by 28 USC 1332 by reason of diversity of citizenship and the jurisdictional amount; by 28 USC 1337 since the action arises under an Act of Congress regulating commerce; by 28 USC 1338 since the action arises

under an Act of Congress relating to trademarks; and by 15 USC 1121 since the action arises under the Lanham Act.

Petitioner and respondent are fierce competitors in the wax business; housewives have a limited budget for purchasing wax products; respondent's glass wax is displayed and sold in association with other wax products; other glass cleaners having an appearance not basically dissimilar to respondent's glass cleaner *do* contain wax; respondent's sales of the falsely described and spurious product siphoned off millions of dollars of the housewives' limited budget for the purchase of wax products; use of the word "wax" gives products a connotation of value and enhances their saleability, and use of the word "wax" on a non-wax-containing substance diminishes the value of the word "wax" on genuine wax products.

The trial court (after considering the record and briefs after trial), rendered its opinion (Appendix II) refusing to enjoin under Section 43(a) respondent's use of the falsely descriptive words "glass wax" and entered judgment (R. 31-32) dismissing petitioner's counterclaim.

Appeal was duly taken by petitioner to the Court of Appeals for the District of Columbia Circuit (R. 32). In a *per curiam* opinion rendered March 8, 1956 (R. 392-393), the Court of Appeals affirmed the trial Court's dismissal of petitioner's counterclaim under Section 43(a) and judgment thereon was entered in the Court of Appeals on the same date.

REASONS FOR ALLOWANCE OF WRIT OF CERTIORARI

The present action involves an important question of interpretation of statutory federal law (15 USC 1125(a)) which has not yet been but should be settled by the Supreme Court of the United States, particularly since the statute ostensibly changed the common law as set forth in the decision of the Supreme Court in Ely-Norris Safe Co. v. Mosler Safe Co., *supra.*[1]

Conflicting interpretations of Section 43(a) of the Lanham Act (15 USC 1125(a)) by the Third Circuit Court of Appeals[2] and the Ninth Circuit Court of Appeals[3] are recognized in the opinion of the court below in the present case; however, the court below interpreted the statute in a manner which is in conflict with the interpretations given by *each* of the other circuits.

I. Importance of Question

The question on which review is sought by certiorari involves the public interest as much if not more than it involves the private rights and interests of petitioner, as a competitor of respondent in the wax business. In addition, it involves the rights and interests of all the other members of the wax industry. Resolution of the basic question is of importance because it affects the rights and interests of every producer and seller of goods, regardless of type, since false description or representation may exist with re-

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[1] See comment in 68 Harvard Law Review 881 (1955).

[2] In *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc.*, 214 F. 2d 649 (1954) (Appendix III).

[3] *Chamberlain et al.* v. *Columbia Pictures Corp.*, 186 F. 2d 923 (1951) (Appendix IV).

spect to every type of goods sold in the commercial marketplace. It is important that the Supreme Court determine whether Section 43(a) (15 U.S.C. 1125(a)) meets the challenge to the legislature by the Court of Appeals for the Sixth Circuit[4] that protection of competitors and purchasers against false descriptions and representations must come from the legislature.

Private interests of honest competitors in the wax business, whether considered to be "property" rights or "quasi-property" rights, are invaded by the unfair act of a competitor who uses the word "wax" falsely to describe or represent products which contain no wax and thereby trades upon the good will built up over a long period of time and at great expense by the fair competition which has existed in wax products which have been truthfully described. Thus, false use of the word "wax" by one competitor imposes on every manufacturer and every seller of genuine wax products the unwarranted burden of re-educating the purchasers to counteract the adverse effect of the dishonest competitor's misrepresentation when customers become aware of the fact that there is no wax in respondent's glass wax. Unless the honest competitors disabuse the purchasers of the notion, they will thereafter think that all uses of the word "wax", even by honest competitors, are false.

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[4] *American Washboard* v. *Saginaw Mfg.*, 103 Fed. 281 (C.C.A. 6, 1900)

> "It is doubtless morally wrong and improper to impose upon the public by the sale of spurious goods, but this does not give rise to a private right of action unless the property rights of the plaintiff are thereby invaded. There are many wrongs which can only be righted through public prosecution, and for which the legislature, and not the courts, must provide a remedy. Courts of equity, in granting relief by injunction, are concerned with the property rights of complainant."

The question is of further importance in view of the necessity of preserving to purchasers the opportunity to judge fairly between rival commodities without the introduction of complicating factors such as falsely descriptive words or trademarks which are misinformative as to the true qualities of the products.

As emphasized by Congress in Section 45 (15 USC 1127), one of the purposes of the Lanham Act is to protect persons engaged in commerce against unfair competition and Section 43(a) (15 USC 1125(a)) defines one type of unfair competition which is to be restrained under that statement of intent, namely, the unfair act of false description or representation as to goods. This intent of the statute is also commented upon in a scholarly presentation of a discussion of Section 43(a) in Harvard Law Review, Volume 68, Number 6 (March 1955) at page 881. In the same article, at pages 888 and 889, it is pointed out that the court's powers are virtually unlimited in the matter of repressing false descriptions or representations, particularly where the public interest is at stake. The courts, in arriving at a conclusion as to the necessity for injunction, generally consider deception of consumers as the *test* and not the *ground* for granting injunctive relief.

II. Question Not Yet Settled By Supreme Court

The Supreme Court has not yet interpreted Section 43(a) of the Lanham Act, which became effective July 5, 1947.

This question of false representation was last considered by the Supreme Court in *Ely-Norris Safe Co.* v. *Mosler Safe Co., supra,* prior to enactment of the Lanham Act. It was the law annunciated by the Supreme Court in that case and by the Sixth Circuit

Court of Appeals in *American Washboard Co.* v. *Saginaw Mfg. Co.*, 103 Fed. 281 (1900) which Congress intended to modify by enacting Section 43(a) of the Lanham Act (68 Harvard Law Review 881).

Whether or not the statute so changes the common law is the question which this case brings before the Supreme Court for the first time.

III. Conflict of Circuits

Section 43(a) was interpreted in 1949 by the District Court for the District of Massachusetts (affirmed *per curiam* by First Circuit Court of Appeals at 180 F. 2d 896) in *Samson Crane Co.* v. *Union National Sales, Inc.* et al., 87 F. Supp. 218 (1949). In that case, the court determined that Section 43(a), being a federal statute, was inapplicable because the defendant did not cause the misrepresented goods to be transported or sold in interstate commerce. It also held that Section 43(a) does not cover *all* unfair competitive misrepresentations but applies only to "false description or representation of the goods themselves" (loc. cit. 222). In the case before that court, the notation in question was not used on the *goods* but only on a sign on the front of defendant's *store*.

The next reported interpretation of Section 43(a) is the opinion of the Ninth Circuit Court of Appeals in *Chamberlain et al* v. *Columbia Pictures Corp.*, 186 F. 2d 923 (1951) (see Appendix IV). There the defendant was distributing throughout the United States a motion picture entitled "Best Man Wins" which was based on Mark Twain's (Samuel L. Clemens') story "The Celebrated Jumping Frog of Calaveres County" in which the copyright had expired. Plaintiff contended that this act of defendant disparaged the extant works of Mark Twain (of which plaintiff

was the owner) and constituted unfair competition under Section 43(a).

In the *Chamberlain* case, the Ninth Circuit, relying upon the common law decision of the Sixth Circuit Court of Appeals in *American Washboard Co.* v. *Saginaw Mfg. Co., supra,* and the decision of the Supreme Court in *Ely-Norris Safe Co.* v. *Mosler Safe Co., supra,* refused relief under Section 43(a), stating:

> "However, we do not think said section changes the fundamental requirements necessary to sustain a suit for unfair competition, *one such requirement being a direct injury to the property rights of a complainant* by passing off the particular goods or services misrepresented as those of the complainant." (Emphasis petitioner's)

Paraphrasing the language of the Supreme Court in the *Ely-Norris case, supra,* the Court of Appeals for the Ninth Circuit also stated:

> "In order to entitle appellants to the relief sought it would be necessary for them to allege that *they have an exclusive right* to the use of the story in question and they must be injured *directly* by appellee's acts. Cf. *Mosler Safe Co.* v. *Ely-Norris Co.*, 273 U.S. 132; 47 S. Ct. 314, 71, L. Ed. 578." (Emphasis petitioner's)

In 1954, the Third Circuit Court of Appeals in *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc., supra,* (see Appendix III) held that Section 43(a) created a statutory civil wrong which clearly modifies the common law doctrine announced by the Supreme Court in the Ely-Norris case, *supra,* as well as the doctrine announced by the Sixth Circuit in the American Washboard case, *supra* (both of which were followed in the Ninth Circuit in the Chamberlain case, *supra*) stating:

> "We find nothing in the legislative history of the Lanham Act to justify the view that this section is merely declarative of existing law. Indeed, because we find no ambiguity in the relevant language in the statute we would doubt the propriety of resort to legislative history even if that history suggested that Congress intended less than it said. It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts. This statutory tort is defined in language which differentiates it in some particulars from similar wrongs which have developed and have become defined in the judge-made law of unfair competition."

Now in the case at bar the Circuit Court of Appeals for the District of Columbia, *per curiam*, adopted the opinion and interpretation given Section 43(a) by the District Court for the District of Columbia in which this conflict was recognized, the District Judge stating (see Appendix II, page 21a):

> "Cases involving application of Section 43(a) have been few in number and *conflicting in interpretation.*" (Emphasis petitioner's)

Thus, the trial judge recognized the conflict between the Ninth Circuit view that Section 43(a) does *not* change the common law of the *Ely-Norris case* and the Third Circuit views of Section 43(a) as a repudiation by Congress of the common law doctrine of the *Ely-Norris case.*

Therefore, this case presents the question of whether or not petitioner is required under Section 43(a) of the Lanham Act to meet the common law test establishing that consumers of a falsely described product such

as glass wax would have purchased a wax-containing glass cleaner and polish had they known of the falsity of the description. Apparently the Ninth Circuit still requires a complainant to establish this at least, whereas the Third Circuit will enjoin the false representation merely upon proof that the representation is false. The law of the present case, unless reviewed and revised by the Supreme Court, is that petitioner may bring an action under Section 43(a) (as in the *L'Aiglon case* in the Third Circuit) but that petitioner is required to meet the common law test of the Ely-Norris case (as in the Chamberlain case in the Ninth Circuit) to justify enjoining respondent's use of the words glass wax to falsely describe and represent its non-wax-containing glass cleaner and polish.

CONCLUSION

Having shown the importance of the question presented and the conflicting interpretations placed on the statute involved by the various Courts of Appeals, petitioner respectfully urges that the present petition be granted.

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